

USAC Announces Payment Quality Assurance Program (PQA)

August 27, 2010

Program Will Measure Accuracy of E-rate Payments

Federal law requires the Federal Communications Commission (FCC) to identify and estimate improper payments in programs administered by federal agencies, including universal service programs such as E-rate. Improper payments occur when federal funds go to the wrong recipient, the recipient receives the incorrect amount of funds, documentation is not available to support a payment, or the recipient uses the funds in an improper manner. For the past few years, the FCC's Office of Inspector General has supervised audits to comply with the requirements of the law, known as the Improper Payments and Information Act (IPIA).

This year, the FCC and USAC collaborated on the design and implementation of new assessments to satisfy the requirements of the IPQA. The new method of assessment, called the Payment Quality Assurance Program (PQA Program), is replacing the prior IPIA audit process. (Regular program audits still will be conducted by USAC.) While the PQA program will be just as effective in identifying and estimating improper payments, it will also be less burdensome for the schools and libraries that are randomly chosen to have their payments verified. Specifically, there will be no on-site visits, and not as much applicant time should be required to respond. USAC tested the process with several applicants to help ensure that the process was "customer friendly," while still meeting the goals of accuracy and timeliness.

Here is how it works: USAC will select a sample of recent payments and verify that each payment was made correctly. USAC will notify a selected applicant that the applicant is required to provide specific documentation regarding the payment. The applicant will send this documentation, such as a bill to USAC, and USAC will then analyze the submitted information and, within 90 days, the process will conclude with a report back to the applicant. That is it!

If you have questions, we have a hotline you can call or email (see FAQs below) and we will be happy to assist you in any way possible. We have sent notification letters to a few applicants so far and the process appears to be working smoothly. We hope the FAQs below will answer some of your questions. We also will be posting additional FAQs on our website as the program continues in order to be of the greatest possible assistance to you.

Documents That May Be Requested

Beneficiaries selected for PQA participation will receive a letter by email from USAC notifying them of their selection and what they must do to fulfill their program requirements. This letter will provide exact identification of the payment under assessment and instructions about gathering and submitting information and documentation to USAC.

PQA participants will have to submit formal confirmation that they have received and utilized

goods and/or services associated with the payment being assessed as well as their eligibility under FCC rules for such receipt and use. Participation in the PQA program is mandatory, and participants who do not respond run the risk of losing their USF support.

Here are examples of documents that may be requested from Schools and Libraries participants under PQA:

- Any document indicating the beneficiary's eligibility status
- Technology Plan Approval Letter
- Service provider bills
- Letter of Agency

Reporting of Results

USAC will report on the results of PQA assessments in various ways.

- Individual participants will receive notice of the results of their assessments.
- USAC will aggregate the data from individual assessments to make estimates of improper payment rates for each of the four USF support mechanisms and report these results to the FCC.
- The FCC will report these results in the agency's annual Performance Assessment Report.
- USAC also will publish online the results of PQA assessments in summary fashion for the four USF support mechanisms when these results become available.

Following is a list of FAQs about the PQA Program:

Frequently Asked Questions (FAQs) about PQA

When does the PQA Program start?

- The PQA Program starts in August 2010.

Are PQA assessments the same as audits?

- No. PQA assessments are not audits. They are not performed by auditors. They do not require on-site work by USAC staff. They take significantly less time than audits. They are meant only to gather information about individual payments and generate estimates of program-wide rates of improper payments.

What is happening with audits?

- USAC will continue to conduct audits each year of USF contributors and beneficiaries in all four USF programs under the Beneficiary and Contributor Compliance Audit Program. These audits are designed to measure and ensure program compliance and can result in recoveries of USF money.

How many PQA assessments will USAC conduct for E-rate?

- The number of ongoing PQA assessments can fluctuate from month to month, but will total 720 each year. USAC performs 20 to 60 assessments at a time in each program on a four-month assessment cycle.

Who actually conducts the assessments, USAC or an outside firm?

- USAC contracts with an outside firm to conduct PQA assessments. USAC exercises program management and oversight responsibility of the PQA program.

Is participation in the PQA Program mandatory?

- Yes.

How much time will it take to carry out the request for documents?

- It will take participants varying periods of time to gather the requested documents, depending on the volume and accessibility of documents requested. When fewer documents and/or simpler data are requested and beneficiaries have ready access to the information, gathering the materials should take a matter of hours. With more documents, more complicated data, and/or more difficulty getting access to them, beneficiaries will need more time to comply with the request. Schools and Libraries beneficiaries have 10 business days to gather and submit their materials.

How can I get help?

- Selected participants receive a notification letter by email that provides contact information for beneficiaries to call for assistance with understanding and fulfilling PQA program requirements. You may also contact USAC using the contact information at the end of these FAQs.

When are documents due to USAC?

- Documents are due within 10 business days of receiving your notification letter.

How do I submit documents to USAC?

- You can submit documents in various ways, depending on the nature and volume of information you are submitting. Email, fax, and US Mail are all acceptable ways to submit documents.

Can I get an extension to my deadline for submitting documents?

- While assessments must be completed in a timely fashion, USAC recognizes that program participants may have extenuating circumstances preventing them from complying with stated program deadlines. In such cases, USAC will consider requests for extensions and provide them on a case-by-case basis.

How will I find out the results of my assessment?

- USAC will deliver results of your assessment to you within 90 days of receiving your submitted documentation.

Will I have to give money back to USAC if my assessment indicates an improper payment?

- Before concluding a payment is improper, USAC will conduct follow-up outreach and/or expanded work on assessments, if the results of the assessment warrant it. Any recoveries would result from demonstrated rule violations associated with the payment under assessment. In addition, USAC will recover disbursed funds if beneficiaries do not respond to document requests sent with notices of selection for participation in the PQA Program.

What is USAC doing with the results of all the assessments?

- USAC will aggregate results of individual assessments and calculate estimated rates of improper payments for each program. USAC will then deliver these estimates to the FCC for reporting that is required of all federal agencies under the IPIA.

For Schools and Libraries, does the PQA Program include service providers?

- Because the PQA is focused on reviewing payments disbursed on behalf of program beneficiaries, only applicants will receive requests for documentation.

How can we contact USAC?

- By email: PQA@usac.org
- By telephone: **866-348-5943**
- By fax: **866-348-5944**
- By mail: **USAC, 2000 L Street NW Suite 200, Washington, DC 20036.**

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